Leo Avila	American GI Forum	Modesto
Marla Scharf	California Dept. of Consumer Affairs	Sacramento
Cheryl Jacobsen	California/Nevada Community Action Assoc.	Sacramento
Irene Pham	The Cambodian Family, Inc.	Santa Ana
Rod Wright	Congresswoman Maxine Waters	Los Angeles
Anna Alvarez-Boyd	Consumer Action	San Francisco
Ken McEldowney	Consumer Action	San Francisco
Shelley Bergum	Deaf & Disabled Telecommunications Program	Oakland
Ibrahim Naeem	Diversity Consultant	San Diego
Dolores Sanchez	Eastern Group Publishing	Los Angeles
Tommy Fulcher	Economic & Social Opportunities Inc.	San Jose
Pablo Jasis	Hispanic Consumer Advocate	Oakland
Doua Vang	Hmong Council	Fresno
Sylvia Gonzalez	International Institute of Los Angeles	Los Angeles
Bong Hwan Kim	Korean Youth & Community Center	Los Angeles
Marina Pineda	La Raza Centro Legal	San Francisco
Shannon Reeves	NAACP	Los Angeles
Anni Chung	Self Help for the Elderly	San Francisco
Audrie Kraus	TURN	San Francisco
Irene Putnam	Union of Pan Asian Communities	San Diego
Terry Grey	ULTS Trust Fund	Oakland
Quang Pham	Vietnamese Community of Orange County, Inc.	Santa Ana

Research Overview

Broad objectives:

(1) To determine ***reasons for not having telephone service***

(2) To explore the ***affordability*** of telephone service

(3) To provide a means for ***updating*** telephone penetration

Two studies undertaken:

(a) ***Non-Customer Survey*** (in areas with less than 90% telephone penetration, U.S. Census, 1990)

(b) ***Customer Survey***

Non-Customer Survey: Overview of Design Plan

- *S.F. Bay Area, L.A./Orange, San Diego, Fresno, Sacramento*
- *Block Clusters with less than 90% penetration identified*
- *250 Block Clusters selected using systematic random sampling*
- *In each Block Cluster, interviewers listed 60 households, attempted to interview all non-customers (17,215 households in total)*
- *For every non-customer interviewed, the next available customer of the same ethnicity was interviewed*
- *Interviewed 571 Non-customers, 566 Matched Customers*

Other Study Details

Interviewing subcontracted to ethnic minority-owned businesses.

Each Block Cluster showed ethnic make-up of the cluster so interviewers could be matched to the predominant ethnicity/race.

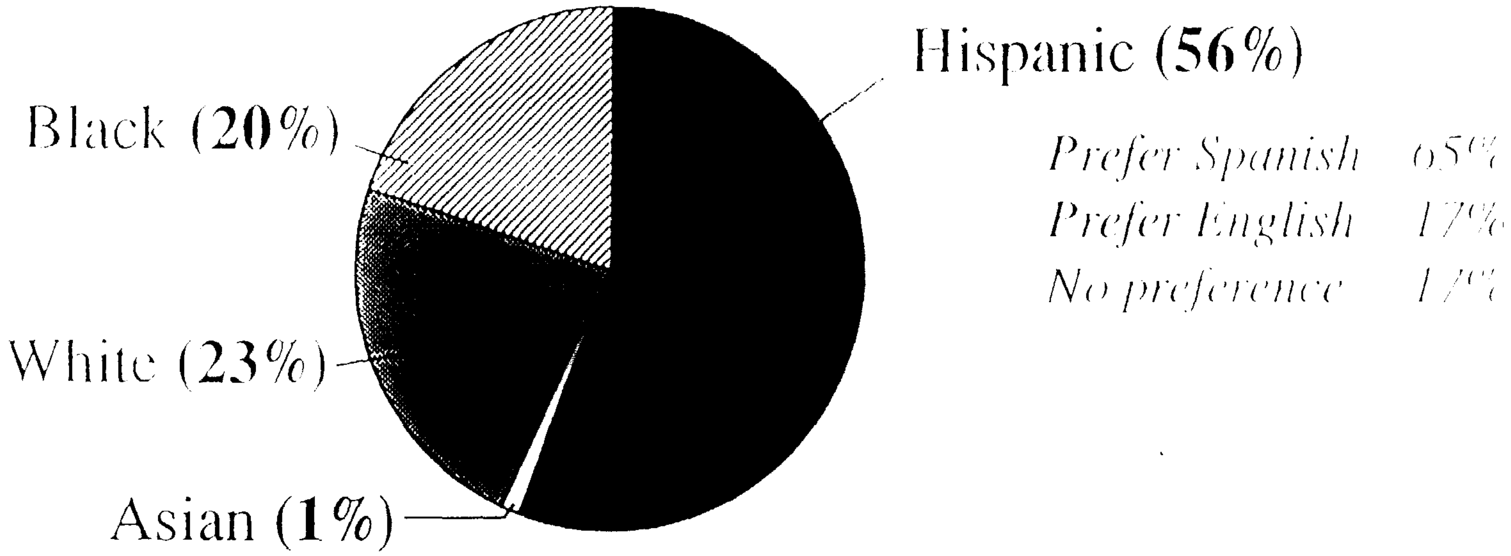
Questionnaires translated into Spanish, Chinese, Korean, Vietnamese. Bilingual interviewers were used for Hispanic and Asian clusters.

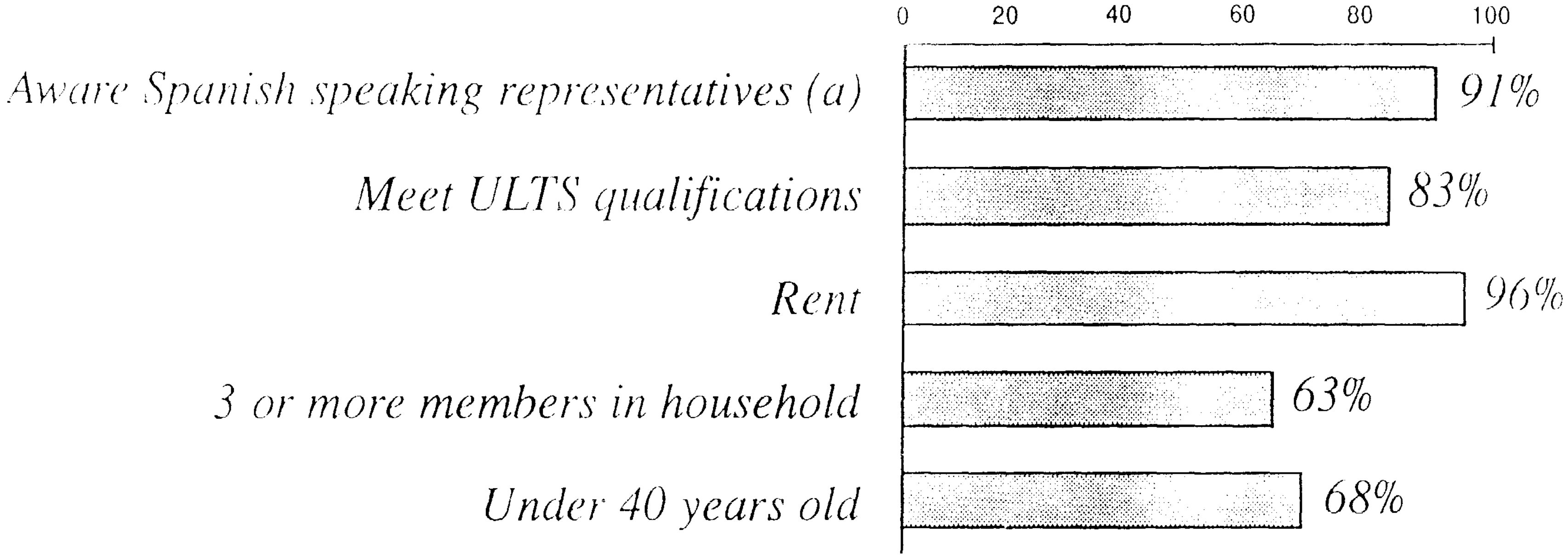
Interviewers given intensive training and carefully monitored throughout the project. To help in obtaining high cooperation rates interviewers carried with them:

- An ID badge with GTE or Pacific Bell name
- A set of letters in English, Spanish and the three Asian languages from well known community leaders endorsing the study

Field Dates: September 14 through October 31, 1993

Characteristics of Non-Customers





(a) among Hispanics

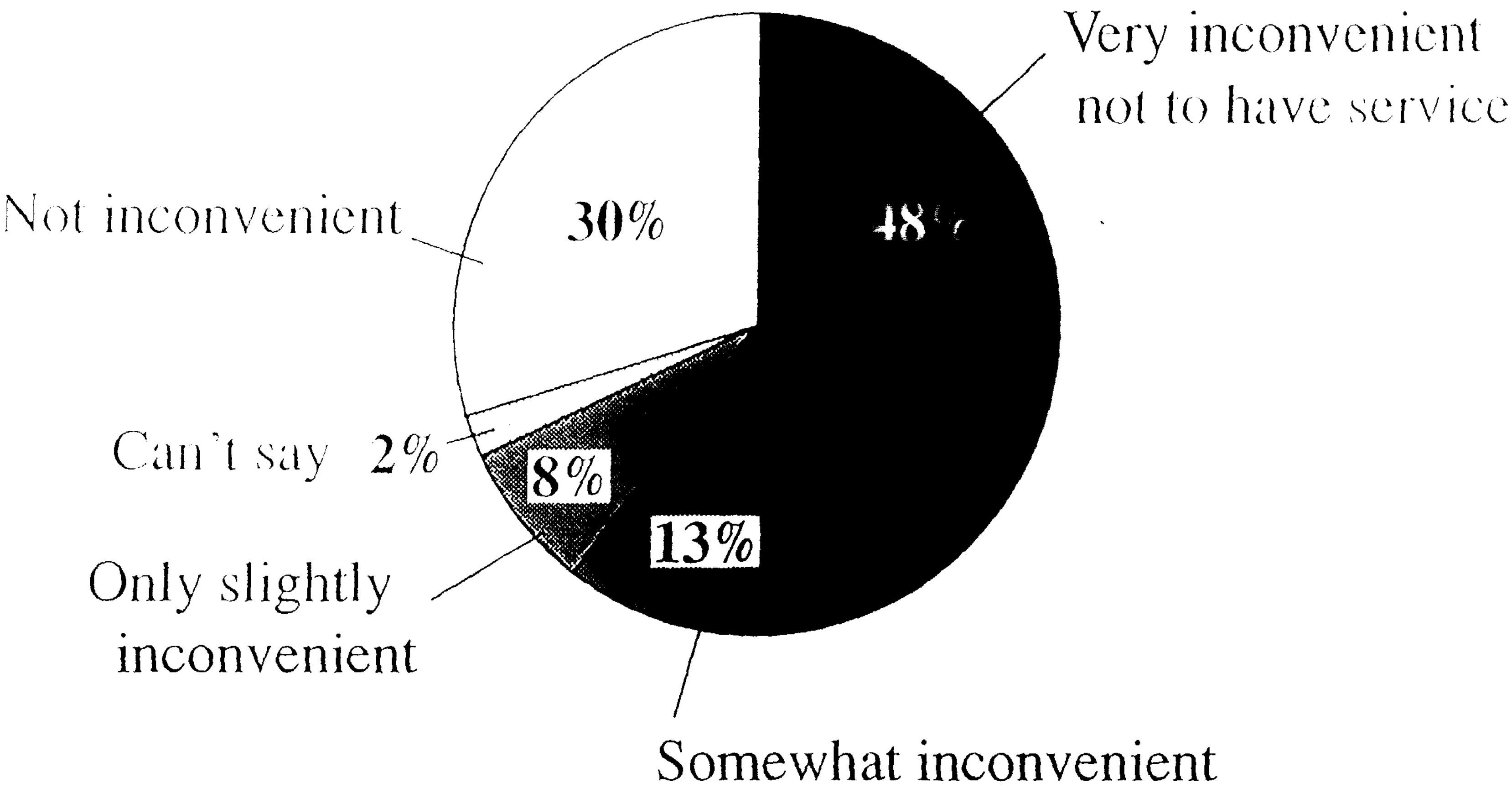
Non-Customers vs. Matched Customers

- ***Non-Customers have just slightly lower household incomes on average***
- ***But, are much more mobile than their customer counterparts***

	Low Telephone Penetration Areas		
	Non-Customers	Matched Customers	Difference in percentages
Lived at current address less than 1 year	52%	27%	+25
$15,300 or less (household income)	67%	57%	+10
Less than high school	47%	42%	+5
Average age	35	40	–5
Married	35%	46%	–11

Attitude toward Not Having Phone Service

- ***Most, but not all, non-customers find it inconvenient***



Telephone Usage Patterns of Non-Customers

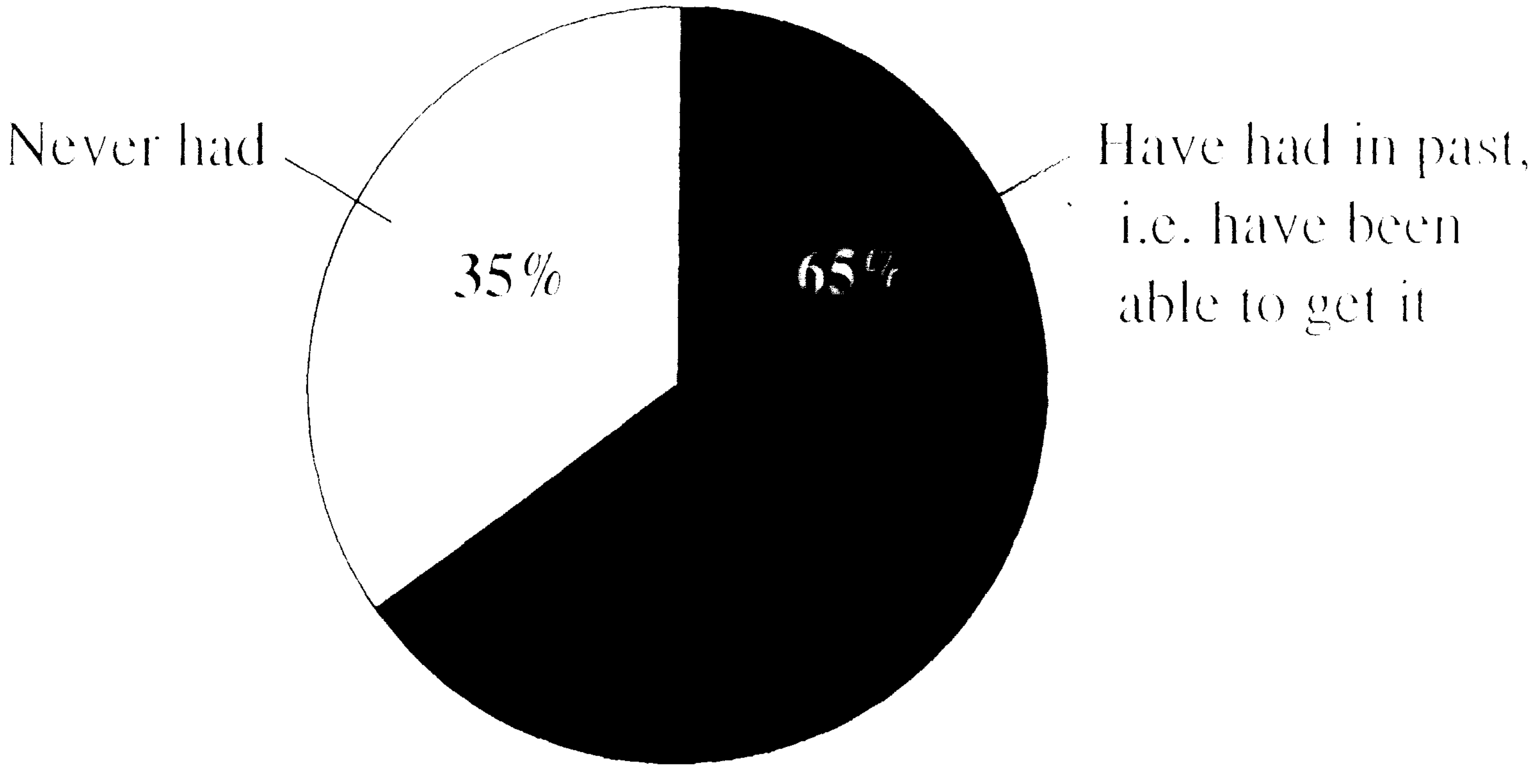
	Non-Customers
Usually use —	
Public, pay phone	65%
Friend, neighbors' phone	34
Average # calls/week	9
Average # pay phone calls/week	5
Median $/month	$5
In emergency, nearest phone —	
In same building	42
Elsewhere	55
Median minutes to reach	3

Telephone Usage Patterns of Non-Customers

	Very Inconvenient	Slightly/ Somewhat	Not Inconvenient
Usually use —			
Public, pay phone	71%	67%	54%
Friend, neighbors' phone	33	38	32
Average # calls/week	10	6	8
Average # pay phone calls/week	8	3	2
Median $/month	$7	$5	$3
In emergency, nearest phone —			
In same building	34	49	48
Elsewhere	65	48	47
Median minutes to reach	4	2	2

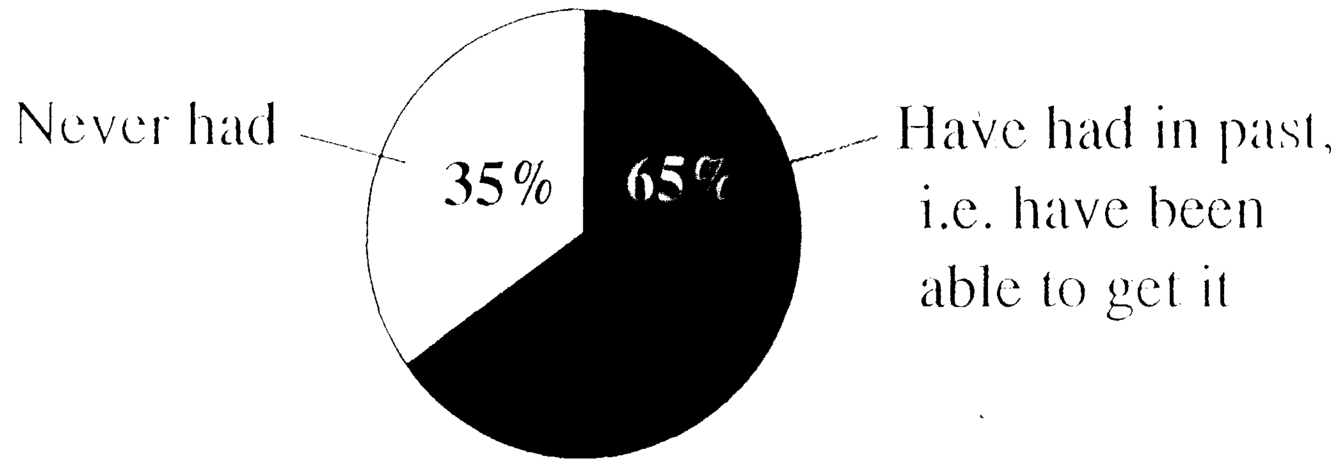
Past Experiences with Phone Service

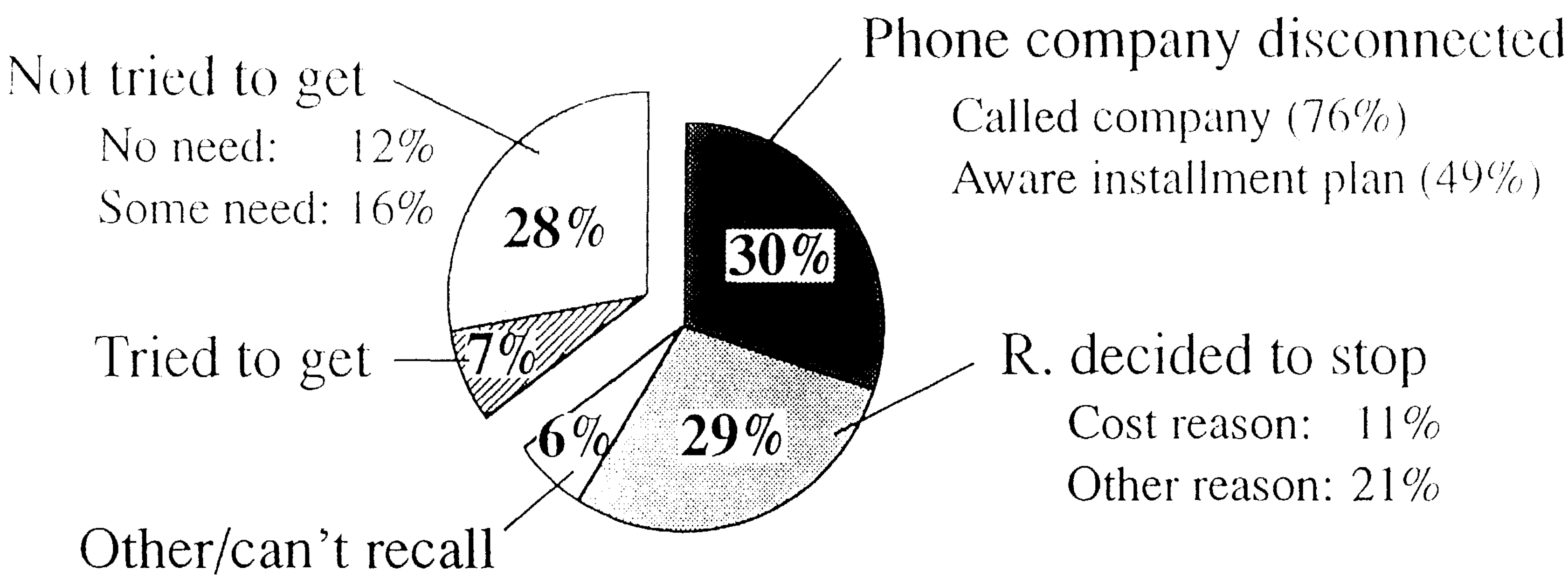
- ***Most non-customers have been able to get phone service***



Past Experiences with Phone Service

Non-customers





Feelings about Calling Phone Company

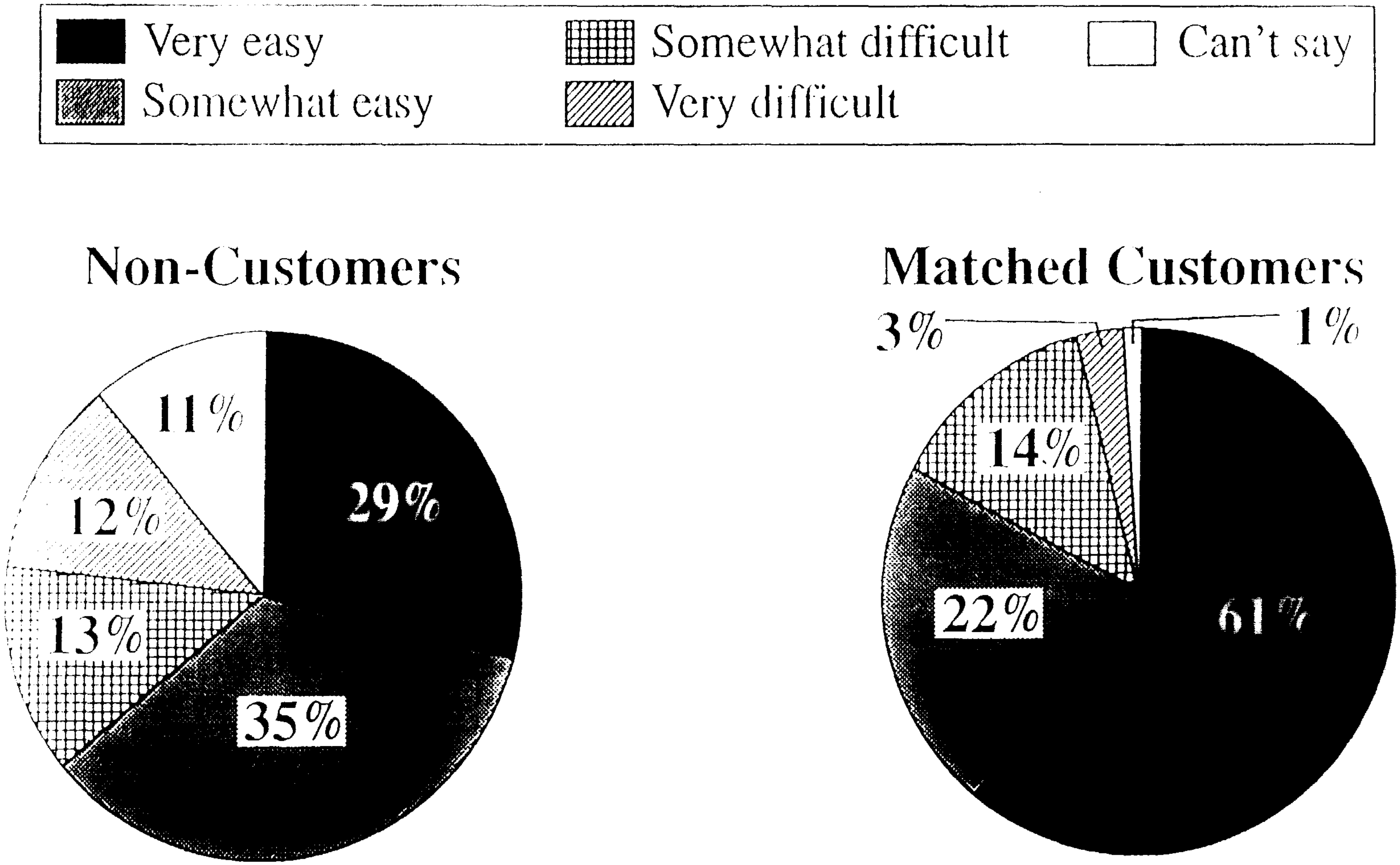
- ***Lack of knowledge, fears, discomfort about calling phone company are NOT major barriers to getting phone service***
  - *68% feel comfortable calling the phone company.*
  - *62% think they could get phone service if they wanted to.*
  - *Fears/worries about calling the phone company rank low as reasons for not having phone service.*
  - *Awareness of Spanish speaking representatives is very high (91% of Hispanic non-customers aware).*
  - *65% have been able to get phone service.*

Reasons Don't Have Phone Service (Non-Customers)

- *Analysis of 17 Specific Reasons*

	Non-Customers
Cost related reasons	56%
Trouble controlling calls	35
No need for it	27
Fear/worry/discomfort calling phone company	11

Perceived Affordability of Telephone Service



Expected bill:

Median	$29
Average	$42

Total monthly bill (a)

Median	$48
Average	$64

(a) Among those who receive 1 bill (85%)

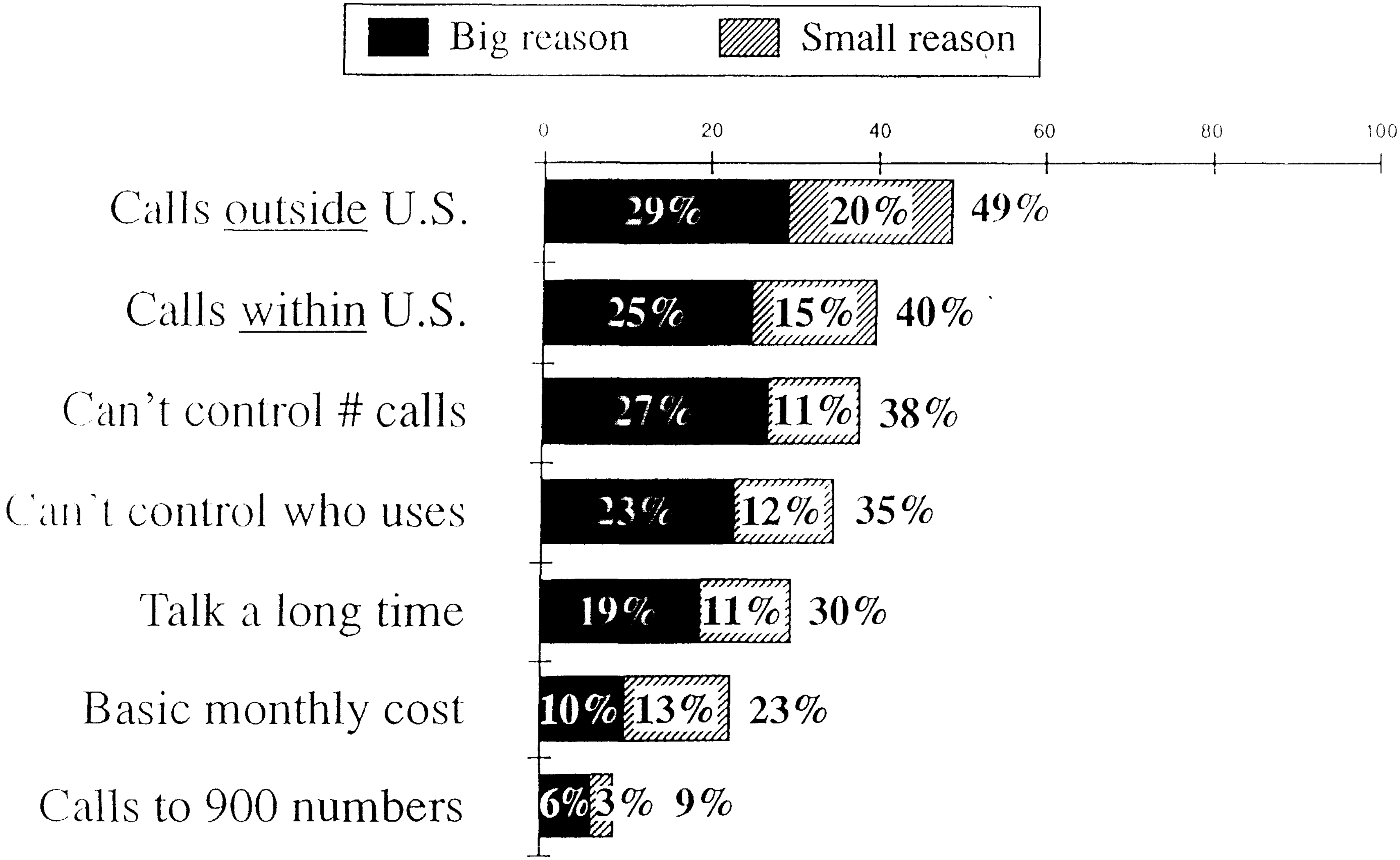
What Affects Perceived Affordability?

- ***Perceptions of cost** more so than **income** affect perceived affordability*

	Think phone service would be —		
	Very easy to afford	Somewhat easy	Difficult
What non-customers think it would cost —			
Total monthly bill (average)	$32	$41	$56
To start service (average)	$49	$64	$61
Believe deposit is required	54%	60%	70%
Average amount	$59	$78	$78
Cost of phone itself (average)	$43	$30	$39
Household income			
$15,300 or less	64	68	66
Meet ULTS qualifications	81	83	84
Employed	42	41	28

What Makes Phone Service Hard to Afford?

- *Cost of calls, inability to control these costs*



(base = those who qualify for ULTS and say their expected ULTS bill would be less than very easy to afford)

Awareness of ULTS

	Low Telephone Penetration Areas	
	Matched customers	**Non-customers**
Heard of something called Universal Lifeline Telephone Service?		
Yes (know by name)	61%	40%
Yes, but cannot describe	9	14
Not heard of	32	46
Aware special service for lower income households?		
Yes (know by generic)	12%	NA
Total "know of" service	73%	40%-58%

NA – Not available. Not asked due to clerical error in final proofing of questionnaire.

Reactions to ULTS (When Described in Detail)

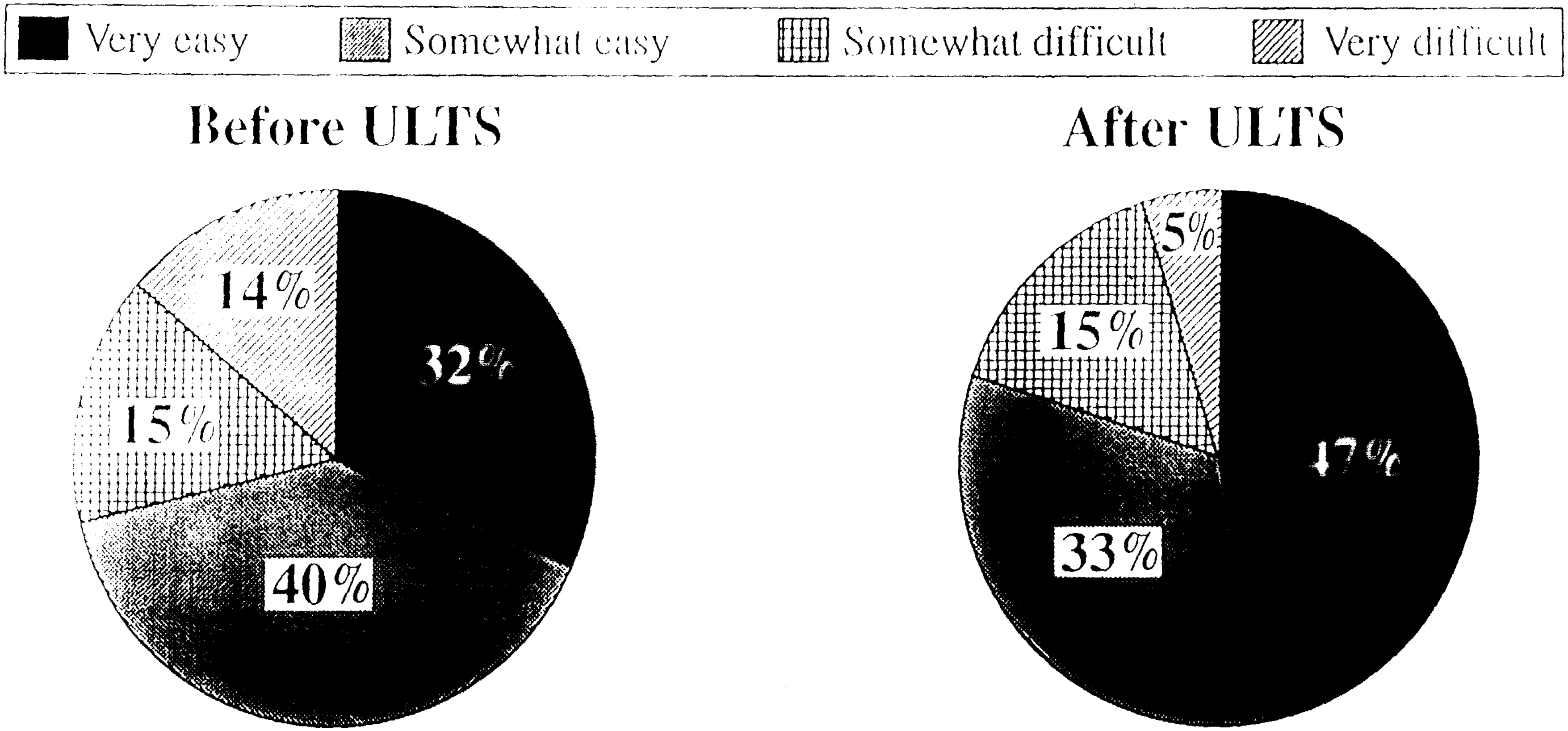
- ***Considerable lack of understanding/awareness of some key elements of ULTS among non-customers***

	Non-Customers
Say can afford ULTS installation (a)	89%
Say installation is less than thought	63%
Not aware can spread payments out (among phone company disconnects)	66%
Not aware there is no deposit (among those who have not had disconnect)	85%

(a) $23 GTE; $17.38 PB (base = qualify for ULTS)

Reactions to ULTS (after Described in Detail)

- ***Knowledge of ULTS increases affordability***

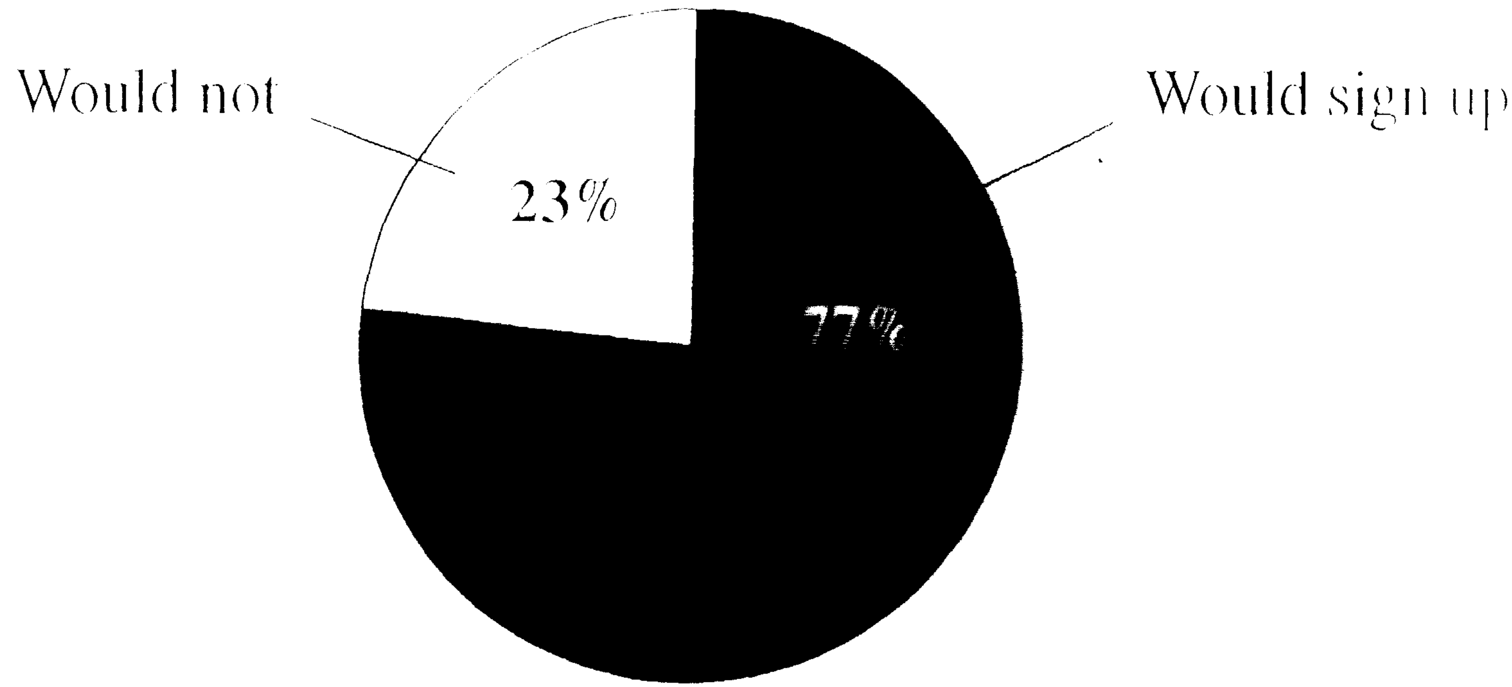


Before ULTS	After ULTS
Expected bill: Median $28	Expected bill: Median $19

(base = those who qualify for ULTS)

Interest in ULTS (after Described)

Non-Customers



Customer Survey: Overview of Design Plan

- ***By telephone, in 5 languages***
- ***All GTE/PB service areas***

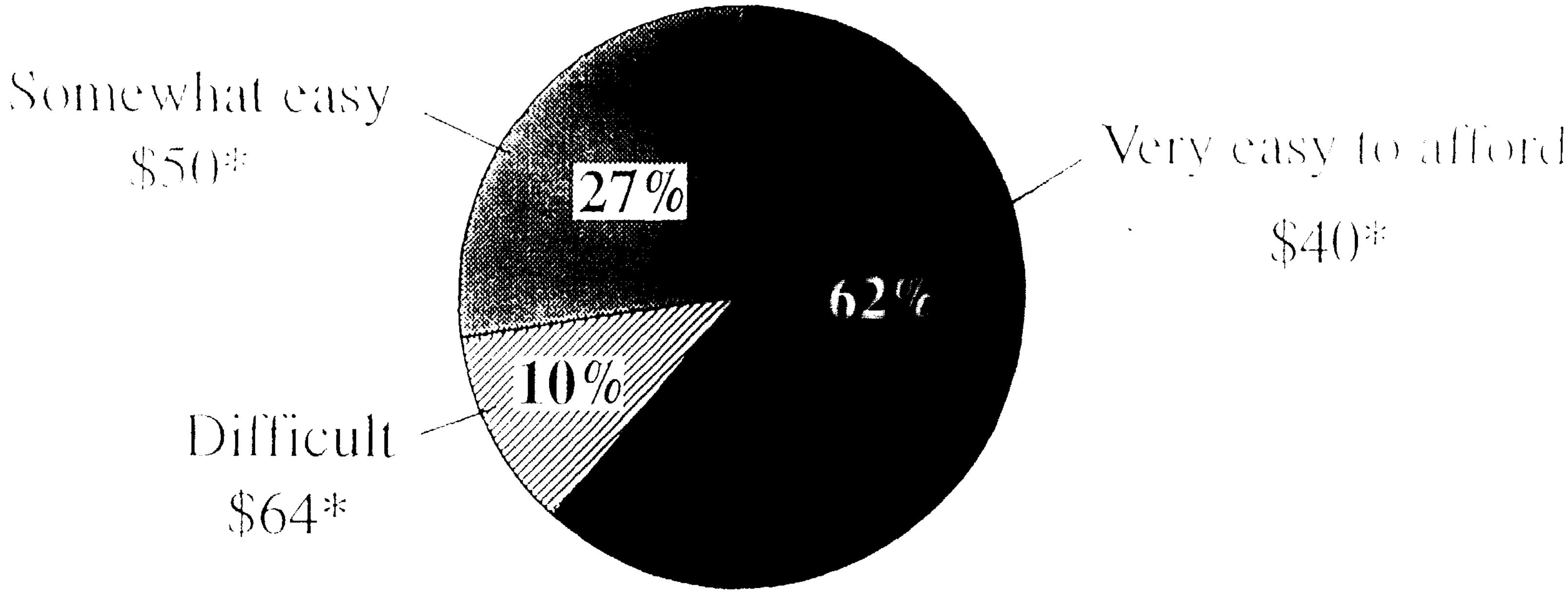
	Total	GTE	PB	% interviewed in native language
Residential customers (all samples)	3,656	1,817	1,839	
ULTS subscribers	1,297	550	747	
ULTS eligible (low income)	1,280	592	688	
Hispanic customers	766	354	412	49%
Black customers	375	175	200	
Chinese customers	317	156	161	58%
Korean customers	306	154	152	94%
Vietnamese customers	308	156	152	96%
Low income seniors	428	207	221	

Field Dates: September 20 through October 28, 1993.

Customer Survey

- *Most, but not all, find telephone service affordable*

Residential Customers



Have had financial difficulty paying bill	12%
Often	6
Not often	6

* median total monthly bill, among those who receive 1 bill (90% of all customers)

Examination of 12% "At Risk"

- ***Lower income, higher bills, more IEC charges***

	Find phone service — Very easy to afford	Somewhat easy	Difficult ("At Risk")
Household income			
$25,100 or less	34%	44%	62%
Average monthly bill (a)			
Median	$40	$50	$64
Total GTE/PB charges	$21	$25	$26
% of bill — (b)			
GTE/PB	53	50	41
IEC	47	50	59

(a) among those who receive 1 bill (90% of all customers)

(b) rough estimation using respondent testimony for total monthly bill and company records for GTE/PB portion.

Perceived Affordability by Type of Service

- ***ULTS no easier to afford than regular rate service among lower income households***

	Regular flat rate	Regular meas. rate	ULTS	Qualify, don't have
Very easy to afford	63%	67%	54%	56%
Somewhat easy	26	26	29	25
Difficult	10	5	15	17
Have financial difficulty paying bill (total)	10	7	21	19
Often	5	4	10	10
GTE/PB bill (median) (a)	25	16	14	24
Total monthly bill (median) (b)	48	32	39	42

(a) from company records
(b) respondent testimony, among those who receive 1 bill (90% of all customers)

Awareness of ULTS

	Residential customers	Low Telephone Penetration Areas: Matched customers	Low Telephone Penetration Areas: Non-customers
Heard of something called Universal Lifeline Telephone Service?			
Yes (know by name)	48%	61%	40%
Yes, but cannot describe	23	9	14
Not heard of	30	32	46
Aware special service for lower income households?			
Yes (know by generic)	29%	12%	NA
Total "know of" service	76%	73%	40%-58%

NA = Not available. Not asked due to clerical error in final proofing of questionnaire.